

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGR-10 /101 W

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R 310205Z JUL 75

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 9991

INFO AMEMBASSY CANBERRA

UNCLAS WELLINGTON 2197

E.O. 11652: N/A

TAGS: ECON, EFIN, NZ

SUBJECT: HIGHLIGHTS OF LATEST FIGURES ON NZ FOREIGN EXCHANGE  
TRANSACTIONS

1. NEW ZEALAND'S RESERVE BANK LATEST OVERSEAS  
EXCHANGE TRANSACTIONS SHOW A CURRENT ACCOUNT DEFICIT  
OF \$NZ82.3 MILLION FOR JUNE, NOT THE DROP THAT THE  
"TREND" (APRIL MINUS \$94.4 MILLION; MAY MINUS \$75.7  
MILLION) OF THE LAST TWO MONTHS MIGHT HAVE GIVEN REASON  
TO HOPE FOR. THOUGH EXPORT RECEIPTS HAVE CONTINUED  
GENERALLY TO CLIMB, SLOWLY SINCE FEBRUARY, REACHING  
NZ\$168.5 MILLION IN JUNE, SO HAVE PRIVATE IMPORT PAYMENTS;  
NZ\$185.7 MILLION FOR JUNE.

2. MANUFACTURING EXPORTS CONTINUE TO CLIMB, REACHING  
\$NZ25.5 MILLION IN JUNE. RECEIPTS FOR MEAT EXPORTS  
ALSO CONTINUE AN UPWARD TREND JUST SURPASSING THE  
\$NZ50 MILLION MARK FOR JUNE.

3. THE INVISIBLES TRANSACTIONS NEGATIVE BALANCE FOR  
JUNE (\$NZ37.5 MILLION) WAS ONLY MODERATELY BELOW THE  
HIGHER PATTERN REFLECTED OVER THE PAST YEAR OR SO.

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4. GOVERNMENT BORROWING, THOUGH FLUCTUATING MORE FROM MONTH TO MONTH, STILL CONTINUES APACE WITH \$NZ113.1 MILLION LOAN NEGOTIATED IN JUN FROM A "MIDDLE EAST SOURCE."

5. THE SOURCES FOR OFFICIAL BORROWING FOR THE YEAR WERE:

\$ MILLION	
BANK FOR INTERNATIONAL SETTLEMENTS	93
INTERNATIONAL REVOLVING CREDIT	258
SWISS LOANS	40
INTERNATIONAL MONETARY FUND OIL FACILITY	100
DUTCH LOANS	23
DEUTSCHEMARK LOANS	62
MIDDLE EAST LOAN	113
OTHER	2
 TOTAL NEW BORROWING	 691

REPAYMENTS TOTALLED \$NZ33 MILLION.

6. THE RATE OF PRIVATE FOREIGN BORROWING AND OTHER CAPITAL TRANSFERS HAS ALSO BEEN MAINTAINED WITH THE JUNE FIGURE TOPPING \$NZ35 MILLION.

7. EXPORT RECEIPTS FOR THE JUNE YEAR TOTALLED \$NZ1,658 MILLION WHILE PRIVATE IMPORT PAYMENTS REACHED \$NZ2,227.6 MILLION. THE INVISIBLES BALANCE WAS MINUS \$NZ350 MILLION WHICH, WHEN OTHER CURRENT TRANSACTIONS SUCH AS GOVERNMENT IMPORTS ARE INCLUDED, MAKE A CURRENT ACCOUNT NEGATIVE BALANCE FOR THE YEAR OF \$NZ1,066.8 MILLION.

8. PRIVATE AND GOVERNMENT INCREASED DEBT SERVICE CHARGES ARE NOW STARTING TO MAKE UP A LARGER SHARE OF THE NEGATIVE INVISIBLES TRANSACTIONS (\$NZ61 MILLION FOR THE YEAR), BUT ALSO TRANSPORTATION, TRAVEL AND FOREIGN EXPENSES OF NZ FIRMS HAVE RISEN.

9. WITH A NET CAPITAL INFLOW FOR THE YEAR OF UNCLASSIFIED

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\$NZ828.4 MILLION (INCLUDING \$NZ276 MILLION NET PRIVATE RECEIPTS) PLUS \$NZ100.5 MILLION IN IMF DRAWINGS, THE REDUCTION IN FOREIGN EXCHANGE RESERVES WAS KEPT TO A MODEST \$NZ29.4 MILLION. OFFICIAL FOREIGN EXCHANGE RESERVES AT THE END OF THE PERIOD STOOD AT \$NZ564.2 MILLION.  
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